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Government plans to withdraw ASDF from Iraq before year's end due to expiration of UN resolution

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Not delivered

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- (1) Hike in utility rates: Will TEPCO fulfill its accountability?  
(2) Employment of school teachers: Learn lessons from Oita Prefecture's case

Akahata:  
Not delivered

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 28

NIKKEI (Page 2) (Full)  
July 29, 2008

10:01

Posed for a photo with Kuwait Prime Minister Nasser at the Kantei.  
Attended a welcome party.

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10:18

Held a summit and then a signing ceremony.

11:34

Held a luncheon meeting.

13:07

Met Chief Cabinet Secretary Machimura.

15:06

Met Cabinet Office Vice Minister Yamamoto. Followed by Deputy Chief Cabinet Secretary Futahashi.

16:01

Attended a meeting of the Council on Economic and Fiscal Policy.

16:54

Met Machimura.

17:02

Attended a policy council meeting of the government and the ruling camp.

17:33

Met New Komeito President Ota, with LDP Secretary General Ibuki and New Komeito Secretary General Kitagawa present. Joined by Machimura.

18:23

Attended a send-off party for the nation's Olympic team at the Prince Park Tower Tokyo.

18:55

Met members of the team to help reconstruct Sichuan Province in China at the Hotel New Otani.

19:22

Returned to his official residence.

4) Gov't mulls ASDF pullout from Iraq within year

SANKEI (Top play) (Abridged)  
July 29, 2008

The government and the ruling parties decided yesterday to withdraw an Air Self-Defense Force detachment from Iraq at the end of this year. Japan currently deploys ASDF troops to Iraq for airlift services under a law for special measures to assist with Iraq's reconstruction or the Iraq Special Measures Law. Japan needs to conclude a status of forces agreement with the Iraqi government within this year in order for Japan to continue the ASDF's mission in that country. However, the government deemed it difficult for that agreement to be ratified in the Diet since its upper chamber is dominated by the opposition parties. The government has deployed Ground Self-Defense Force and ASDF troops to Iraq under the Iraq Special Measures Law since 2004. In 2006, however, the GSDF pulled out of Iraq. After the ASDF is recalled from Iraq, the Self-Defense

Forces' Iraq mission will be completed within the year.

The Iraq Special Measures Law, which came into effect in July 2003, is intended to back up the international community's assistance to Iraq for its nation-rebuilding efforts. The ASDF launched its Iraq activities in March 2004. On its Iraq mission, the ASDF, basing

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three C-130 transport planes in Kuwait, has airlifted personnel and supplies for the United Nations and multinational forces to Baghdad Airport and other locations in Iraq. The GSDF also worked in the southern Iraqi city of Samawah from February 2004 through July 2006.

The government, based on the decision, will issue a withdrawal order to the ASDF detachment in December and envisions completing the ASDF's pullout by January next year at the latest.

The Iraq Special Measures Law is valid until the end of July next year. However, a U.N. resolution, under which the multinational forces have been deploying troops in Iraq with the ASDF's participation, is due to expire at the end of this year. Japan will therefore need to enter into a status of forces agreement with the Iraqi government in order for Japan to continue the ASDF's Iraq mission after that.

However, the leading opposition Democratic Party of Japan (Minshuto), which holds a majority of the seats in the House of Councillors, passed a bill repealing the Iraq Special Measures Law at an extraordinary Diet session late last year. The DPJ has been strongly calling for the ASDF to be recalled from Iraq. As seen from such facts, the DPJ is likely to oppose the ASDF's continued activities in Iraq. New Komeito, the ruling Liberal Democratic Party's coalition partner, remains cautious about engaging the Self-Defense Forces in overseas activities, is now growing reluctant to focus on the ASDF's Iraq deployment in Diet debate.

#### 5) PAC-3 drill conducted at Defense Ministry

NIKKEI (Page 2) (Full)  
July 29, 2008

The Defense Ministry conducted an antiballistic missile drill yesterday evening on its premises at Ichigaya, Tokyo, deploying the Patriot Advanced Capability 3, a ground-to-air guided missile system. With missile launchers brought in, the Self-Defense Forces checked the PAC-3's performance with its radar data transmissions before launching the PAC-3. The PAC-3 is currently deployed at Iruma base in Saitama Prefecture and other SDF bases. However, this is the first time to conduct such full-fledged off-base training with PAC-3 batteries. In September, the SDF will carry out its first PAC-3 live-fire training in the United States.

6) Abductee families poll lawmakers; 80 PERCENT of respondents opposed to calling off N. Korea sanctions, but answers from only 34 PERCENT

SANKEI (Page 3) (Full)  
July 29, 2008

The families of victims kidnapped by North Korea and their supporters yesterday released the results of a questionnaire survey sent to all 722 members of the House of Representatives and House of Councillors on the Japanese government's announced plan to lift some economic sanctions on North Korea. In the survey, 79.2 PERCENT opposed the idea of lifting sanctions in the event North Korea fails to produce results from its promised reinvestigation for all abductees' repatriation, with 82 PERCENT supporting the idea of taking additional sanctions against North Korea. However, the response rate was low at 33.9 PERCENT. The families of abductees

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have a growing sense of crisis.

The survey asked two questions about: 1) when the government should partially lift sanctions on North Korea; and 2) whether the government should impose additional sanctions on North Korea if its promised reinvestigation does not result in abductees' repatriation.

In response to the first question, 194 persons (79.2 PERCENT ) answered "after seeing the outcome of North Korea's reinvestigation for all abductees' repatriation." To the second, 201 persons (82 PERCENT ) supported the idea of taking additional sanctions against North Korea.

Among other answers to each question, many called for the government to take a strong stance toward North Korea, insisting that the government should not call off any of its sanctions until all abductees are repatriated to Japan.

There were Diet members who did not respond to the survey, reasoning that they are cabinet ministers or in a position to preside over the Diet's lower or upper chamber. There was no answer from Koichi Kato, who was a secretary general of the ruling Liberal Democratic Party and who recently remarked that the repatriated abductees "should have been returned to North Korea, because it was a promise between two countries." The Japanese Communist Party came up with its view in the name of Chairman Kazuo Shii, and there was no answer from any of its lawmakers.

"This will become a strong message to the Japanese government and North Korea," said Shigeo Iizuka, 70, chairman of the Association of the Families of Victims Kidnapped by North Korea. However, the response rate to the survey was low. Iizuka said: "If they are serious about the abductions, they can answer. I have a question about their mindset."

Teruaki Masumoto, 52, chief of the association's secretariat, stressed: "This response rate is very regrettable. We will wait for their answers, so we want them to show their views to the electorate as Diet members."

The Diet is now out of session, so many of its members cannot be contacted. The association will ask them to answer by Aug. 11 and will later make public the final results.

7) Former LDP Vice President Yamasaki: Japan also should share burden of energy assistance for DPRK

TOKYO SHIMBUN (Page 2) (Full)  
July 29, 2008

Former Liberal Democratic Party (LDP) Vice President Taku Yamasaki, in a recorded program for Asahi News-Star Cable TV, repeatedly stressed in connection with the Six-Party Talks on the North Korean nuclear problem, "Japan, too, should bear its share (of energy assistance costs)."

Regarding the government's policy course of not joining (energy assistance) unless there is progress on the abduction issue, Yamasaki pointed out: "There is a misunderstanding that this assistance would be part of the economic cooperation that would be carried out when Japan and North Korea normalize relations." He

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added, "The (energy) assistance is an international agreement related to the nuclear issue; it is not a bilateral agreement between Japan and North Korea."

8) Fukuda to hold meetings with Hu and Wen on sidelines of Beijing Olympics opening ceremony

SANKEI (Page 5) (Full)  
July 29, 2008

It was decided by yesterday that Prime Minister Yasuo Fukuda would hold separate meetings on August 8 with Chinese President Hu Jintao and Premier Wen Jiabao on the sidelines of the Beijing Olympics opening ceremony. Chances initially had seemed slim for Japan-China

talks on August 8 due to a tight timetable, but Japan arranged the schedule in compliance with a request from China for top-level talks.

The opening ceremony will be attended by the top leaders of dozens of countries, including U.S. President George W. Bush and French President Nicolas Sarkozy. A government source described the two Chinese leaders' decision to meet with Prime Minister Fukuda despite their busy schedules that day as exceptional treatment reflecting Beijing's stance of placing high priority on relations with Japan. At present, whether the two Chinese leaders will hold talks with President Bush and President Sarkozy is uncertain.

Prime Minister Fukuda is scheduled to leave Japan on the morning of August 8 on an Air Self-Defense Force U-4 multipurpose transport aircraft and arrive in Beijing in the afternoon. He is expected to hold a meeting with Premier Wen for about 50 minutes and with President Hu for about 30 minutes on the evening of August 8. The prime minister is also scheduled to attend a reception that will be attended by the two Chinese leaders.

9) Japan-Kuwait summit: Agreement reached on importance to stabilize oil market

NIKKEI (Page 2) (Full)  
July 29, 2008

Prime Minister Yasuo Fukuda on July 28 met with Kuwaiti Prime Minister Nasir at his office. Concerning the surging crude oil prices, the two leaders shared the view that it is important to stabilize the oil market and that the steep rise in crude oil prices are against the interests of both oil producing countries and consuming countries. Nasir stated that his country would make efforts to ensure a stable supply of oil to Japan.

Fukuda pointed out, "I am concerned about the steep rise in oil prices. It is necessary to take specific actions in order to improve the supply-demand balance and transparency of the oil market."

10) Japan finding it difficult to get 8 PERCENT target for sensitive items in WTO talks

ASAHI (Page 7) (Excerpts)  
July 29, 2008

(Oyamada, Ogata, Murayama, Geneva)

Haggling heated up in a meeting on July 28 in the final phase of the  
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new round of World Trade Organization (WTO) global trade talks (Doha Round). Japan, the U.S., and Europe have indicated a willingness to reach a broad agreement on a mediation plan presented by WTO Director General Pascal Lamy on July 25, while emerging and developing countries, such as India, are raising strong objections.

U.S. Trade Representative Susan Schwab said on the evening of the 28th:

"There are countries calling for changes (in the measures on which industrialized countries have already agreed in general). They might disrupt the balance. I am worried that the new round may be threatened."

According to a U.S. government source, Schwab has criticized India and China. An Indian government source, though, said: "That is a strategy of the U.S. in a quest for a concession."

The issue of the maximum ratio of mainstay farm products to all items, in which Japan is greatly interested, has been treated as already agreed on. Japan therefore is finding it difficult to secure its 8 PERCENT target.

The mediation plan states that each developed country is allowed to designate 4 PERCENT of all farm products as sensitive products to be exempted from steep tariff cuts in principle but 6 PERCENT with

conditions for certain countries.

11) Japan set to accept mediation plan in WTO talks, but difficult domestic coordination expected

SANKEI (Page 11) (Excerpts)  
July 29, 2008

(Kyodo News, Geneva)

The Japanese government yesterday started coordinating views to accept a mediation plan for the agriculture and industry sectors, which was presented by World Trade Organization (WTO) Director General Pascal Lamy. In its ministerial meeting on July 28, the new round of WTO global trade talks (Doha Round) reached a decisive phase for an accord on details in the plan, which includes rules on tariff cuts in the two sectors. But since discussion over the special safeguard system for developing countries heated up in a meeting of major seven economies, delaying the start of a plenary session by about 30 countries where final draft written agreements in the two sectors are scheduled to be presented.

The mediation plan states that each advanced country is allowed to designate up to 6 PERCENT of all farm products as sensitive products, which are exempted from steep tariff cuts. Although Japan has been calling for an 8 PERCENT exception, other industrialized countries are likely to accept the mediation plan in general.

Agriculture, Forestry and Fisheries Minister Masatoshi Wakabayashi said with a stern look last night: "I no longer have any prospect (of securing the 8 PERCENT target)." His remark indicates that Japan has been placed in a tight position in the ongoing negotiations.

In the talks this time, Japan formed a group with 10 food importing countries, such as South Korea and Switzerland, and continued to

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insist on over 10 PERCENT as the maximum ratio of sensitive products to all products.

Once negotiations started, however, other countries began to grope for compromise proposals so as not to be treated as the culprit for breaking down the trade talks. In reaction, Wakabayashi switched the target from over 10 PERCENT to 8 PERCENT, but at that time, other countries began to support the mediation plan.

12) Council on Economic and Fiscal Policy places agricultural reform high on agenda

YOMIURI (Page 9) (Full)  
July 29, 2008

Members from the private sector of the government's Council on Economic and Fiscal Policy, chaired by Prime Minister Fukuda, have decided to present a 15-item proposal, including agricultural reform, as priority tasks for the latter half of FY2008, according to informed sources yesterday. The members will submit the package in a meeting today.

The ongoing informal ministerial meeting in Geneva over the new round of World Trade Organization (WTO) global trade talks is likely to reach an agreement that presses Japan to open its agricultural market further.

Four private-sector members, including Nippon Keidanren (the Japan Business Federation) Chairman Fujio Mitarai, intend to stress the need to improve the nation's agricultural productivity by introducing a concentrated farming system, revitalizing fallow land, and liberalizing the use of farmland. They apparently keep in mind the possibility that maintaining the current high tariff rates to protect domestic farmers will become difficult.

The council took up agricultural reform in the fall of 2007, but the Ministry of Agriculture, Forestry, and Fisheries had to give up submitting related bills as wrangling intensified between the ruling

and opposition camps.

The proposal also includes measures to counteract the falling birthrate, to deal with job-hopping part-timers, to advance fiscal reconstruction, and cope with skyrocketing oil prices.

13) Prime minister, ruling party executives agree to make decision on cabinet shuffle after WTO meeting

ASAHI (Page 4) (Excerpts)  
July 29, 2008

Prime Minister Yasuo Fukuda, New Komeito Representative Akihiro Ota and others, meeting yesterday at the Prime Minister's Office, exchanged views on important matters that lie ahead, such as a policy for budget compilation. They confirmed a policy course to make decisions on such critical issues as a cabinet shuffle and the timing of convening the next extraordinary Diet session after the ongoing World Trade Organization (WTO) talks are settled.

The meeting, which lasted about 30 minutes, was also attended by LDP Secretary General Bunmei Ibuki, his New Komeito counterpart Kazuo Kitagawa and Chief Cabinet Secretary Nobutaka Machimura.

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After the meeting, Ibuki explained to the press corps: "We don't know when the WTO talks will end, so it's hard to begin discussing the duration (of the extraordinary Diet session) and a cabinet shuffle." Economy, Trade and Industry Minister Akira Amari and Agriculture, Forestry and Fisheries Minister Masatoshi Wakabayashi were originally scheduled to return home from the WTO meeting on around July 27. They might not be able to return home until July 31 or later due to the hard-going trade talks. Ibuki indicated that the prime minister would not shuffle his cabinet until after the two ministers return home.

There is a view in the government and ruling bloc that the prime minister will shuffle his cabinet soon, possibly in early August.

14) LDP, Komeito heads discuss cabinet shuffle, but bog down on list of candidates

MAINICHI (Page 2) (Excerpts)  
July 29, 2008

Prime Minister Yasuo Fukuda met for approximately 30 minutes last evening at the Prime Minister's Official Residence with New Komeito Representative Akihiro Ota to discuss the cabinet shuffle and timing of the extraordinary Diet session. After the meeting, an aide to the Prime Minister said, "The Prime Minister will most likely decide to shuffle his cabinet." And a senior Liberal Democratic Party official who is close to the Prime Minister suggested, "The Prime Minister is considering (a shuffle) on Aug. 4."

In contrast, a Komeito senior official said, "The Prime Minister will likely do it, but in the end, the key question will be whether there are appropriate persons in it?" He indicated that choosing candidates has bogged down. Komeito Deputy Policy Council Chairman Yamaguchi stressed that the decisions should be cautiously made in order to result in boosting the administration: "The point is whether the appointments will raise the support rates."

15) New Komeito's Yamaguchi indicates that Lower House will be dissolved at beginning of regular Diet session in January

MAINICHI (Page 5) (Full)  
July 29, 2008

Appearing on a TV program yesterday, New Komeito Policy Research Council Deputy Chairman Natsuo Yamaguchi stated: "The ruling coalition can show its power to the public at the time of compiling a state budget. This is the proper course." He indicated that he was focusing on the beginning of the next regular Diet session in January as the date for the dissolution of the Lower House.



16) Two views in ruling camp over Lower House dissolution, Diet convocation

MAINICHI (Page 5) (Excerpts)  
July 29, 2008

There are two groups in the Liberal Democratic Party-New Komeito ruling coalition who are divided over future political options, including the timing of dissolution of the House of Representatives and the opening of the next extraordinary Diet session. The New Komeito and senior LDP Election Strategy Council officials are setting their sights on convening the extra session in late

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September and dissolving the Lower House at the end of the year or early next year, while the other group, including LDP Secretary General Bunmei Ibuki, is asserting that the extra session be convened in late August to extend the New Antiterrorism Special Measures Law and the Lower House be dissolved next spring. The reason for the divided ruling camp is because under Prime Minister Yasuo Fukuda, they have been unable to fathom future political prospects. Therefore, a cabinet shuffle, on which all eyes are now being focused, will become an initial test of the Prime Minister.

"I have yet to say anything about a cabinet shakeup. If I say something, it will be troublesome. I will not say anything today, as well," Fukuda told reporters after his meeting with New Komeito leader Akihiro Ota and the secretaries general of the LDP and New Komeito.

The reason why a cabinet shuffle is drawing attention is that it is seen an index of Fukuda's determination to manage his administration, for which public support has been poor. If he forgoes shuffling his cabinet, he will lose political impetus quickly.

The New Komeito has called on Fukuda to delay the convocation of the next extra Diet session to late September with the aim of putting off an extension of the New Antiterrorism Special Measures Law. The party intends to seek compilation of a supplementary budget to be used for measures to deal with soaring oil prices. Because the party is eying Lower House dissolution before the end of the year. It also wonders if it is good to conduct such under Fukuda's leadership. Secretary General Kazuo Kitagawa made a cool comment: "There is no guarantee that a cabinet shakeup will boost the Fukuda administration's popularity." Some LDP Election Strategy Council officials fall in line with the New Komeito, since the LDP cannot conduct election campaigning without the New Komeito's cooperation.

17) DPJ President Ozawa: Lower House dissolution will occur earlier than expected

MAINICHI (Page 5) (Full)  
July 29, 2008

Democratic Party of Japan (DPJ) President Ichiro Ozawa, asked about his prospects for the timing of dissolution of the House of Representatives at a press conference in Yokohama yesterday, stated: "My perception has become stronger that it has come closer."

Ozawa had reiterated: "The Lower House will be dissolved early next year, at the latest. I thought that dissolving the Lower House after compiling a lavish budget would be one of the strategies."

He then pointed out: "Since (Prime Minister Fukuda) is at the beck and call of the bureaucracy, he may be unable to adopt the Liberal Democratic Party's (LDP) method (of compiling a lavish budget), as the economy used to expand year after year. If he delays (Lower House dissolution), he won't be able to get any benefits."

18) DPJ to accelerate efforts to produce manifesto and policy flyers to be prepared for Lower House dissolution near at hand

ASAHI (Page 4) (Excerpts)  
July 29, 2008

Democratic Party of Japan President Ichiro Ozawa, Secretary General Yukio Hatoyama, Diet Affairs Committee Chairman Kenji Yamaoka, and other executives, holding a meeting at party headquarters yesterday, agreed on the view that a move to unseat Prime Minister Fukuda is intensifying in the ruling bloc. Envisaging an early Lower House dissolution, the party plans to expedite preparations for the next general election and to determine its response to the extraordinary Diet session after closely monitoring the government and ruling coalition's moves.

Ozawa made the following comment in a press conference in Yokohama after the meeting: "The timing of the election will not be determined by the interest of the Liberal Democratic Party and government alone. They have to listen to the people's voice at the earliest possible time. I have a strong feeling that the next general election is near. We want to make as much preparations as possible in August (before the September party leadership race)."

In yesterday's meeting, the DPJ executives, based on their analysis of the situation in the ruling bloc, confirmed a policy course to expedite preparations for Lower House dissolution and a general election that could occur next January at the latest. The party also plans to accelerate efforts to draft a manifesto (campaign pledges) and to reproduce the party's policy flyers that were used in the last summer's Upper House election in order to distribute them to all constituencies.

One attendant reportedly pointed out the possibility that the Lower House would be dissolved at the outset of the extraordinary Diet session. Another attendant expressed a desire for Prime Minister Fukuda to hold on, describing him as an easy rival for the DPJ.

In the previous regular Diet session, a censure motion against Prime Minister Fukuda was adopted. Given the situation, in order for the DPJ to attend deliberations in the upcoming session, some kind of trigger is necessary, such as a major cabinet shuffle or the resignation of the prime minister.

19) Government, ruling parties approve 47.8 trillion yen in general expenditures: Issues regarding fiscal resources put off; Prime minister fails to show presence; Mounting pressure for more spending

NIKKEI (Page 2) (Excerpts)  
July 29, 2008

The government and ruling parties at a policy roundtable adopted budget request guidelines for fiscal 2009. The upper limit of general-account expenditures is approximately 47.8 trillion yen, up about 600 billion yen from the level of fiscal 2008, posting a year-on-year increase for the second consecutive year. They also confirmed the policy of appropriating approximately 300 billion yen to a priority budget quota (framework to promote key issues) for funds to be distributed for measures to strengthen growth and address a shortage of doctors on a priority basis.

Budget request guidelines for fiscal 2009 have been adopted, but the settlement of pending issues has been put off until year's end, when the budget is scheduled to be compiled. It can hardly be said that the Prime Minister's Office, starting with Prime Minister Yasuo Fukuda, fully played its role as the command center. While the ruling parties are increasing pressure for more spending with the

next Lower House election in mind, how to achieve a good balance between fiscal reconstruction and making a selective approach on the policy front will likely become a challenge.

Budget aims to have it both ways

Fukuda during the policy roundtable expressed his desire to put public finances on a recovery track and take necessary measures to

achieve that end, noting, "I would like to make fiscal reconstruction and measures to address key issues compatible."

As a symbol of a good balance, Fukuda came up with a framework to promote key issues worth about 300 billion yen. The additional prioritization promotion framework (50 billion yen) set last year has been substantially boosted under the new framework. Objectives have been set in a manner of covering a wider range of spending areas so that the new framework can reflect the ruling parties' expectations. However, it is not easy to reinforce a cut in policy expenses by another 2 PERCENT in order to obtain funds to finance measures incorporated in the framework.

Hidehisa Otsuji, head of the LDP caucus in the Upper House, at the roundtable called for constraining growth in social security expenses to 220 billion yen. The finance minister replied, "I will consider that and all other issues when compiling the budget." Fukuda avoided active involvement in the guideline compilation process by effectively dumping coordination of views on the finance minister to work out.

SCHIEFFER